

Press Release

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SCHAKOWSKY OPPOSES GIVEAWAY TO BIG OIL

Says oil companies have intentionally limited refinery capacity in order to boost profits

WASHINGTON, DC - U.S. Representative Jan Schakowsky, a member of the House Energy and Commerce Committee, today delivered the following statement on the Refinery Permit Process Schedule Act before voting against it in the House of Representatives. Schakowsky voted in favor of the Democratic alternative, which would create a strategic reserve of refined product that the President could tap in the case of a national emergency.

Mr. Speaker, I rise in opposition to H.R. 5254, the Refinery Permit Process Schedule Act. This bill would endanger the environment and the health of communities across America in order to provide another giveaway to the oil and gas industry which is reaping record profits.

The oil industry is responsible for limiting refinery capacity. During the 1990s, the American Petroleum Institute encouraged the oil industry to limit refining capacity in order to boost profits. The industry followed instructions, closing 176 refineries since 1980 and failing to fully utilize available capacity. According to the Washington Post, between September 2004 and 2005, refineries marked up their prices 255% while gasoline retailers only marked up their prices by 5 percent. The five largest oil companies, many of which own refineries, reported record profits of \$110 billion in 2005. Exxon Mobil reported the largest annual profit of an American company in history.

Environmental regulations are not standing in the way of new refineries being opened. The CEOs of Shell and ConocoPhillips have testified that no federal or state regulations had prevented them from siting new refineries. Only one energy company, Arizona Clean Fuels, has

filed a permit to open a new refinery in over twenty years. When Arizona Clean Fuels was granted that permit, the company never actually opened the refinery. Its inability to find investors, not environmental regulations, prevented the company from opening a refinery.

After Hurricanes Katrina and Rita, refinery outages caused a supply shock that was in part responsible for a rise in gasoline prices. The Democrats, under the leadership of Representatives Dingell, Stupak and Boucher, proposed the creation of a strategic refinery reserve which would ensure that the U.S. had an adequate supply of refined product in case of national emergency. Republicans have repeatedly rejected Democrats' efforts to create that reserve, which would put the interests of consumers before the profits of the oil industry. Republicans have also rejected an attempt by ranking member Dingell and Energy and Commerce Democrats to make this legislation bi-partisan.

This bill is another giveaway to the oil and gas industry that could impose refineries on communities throughout the country. It requires President Bush to designate three closed military bases as sites for new refineries, waiving local and state regulations and giving communities little input in the process. It allows Secretary Rumsfeld to sell or transfer the land to an oil company at no cost. Congress should know by now that billions of dollars in giveaways to the oil and gas industry has only led to record profits and record energy prices.

This bill again demonstrates the misplaced priorities of this Republican Congress. While my constituents are paying \$2.96 for a gallon of regular gas in Chicago, we are considering legislation that would do nothing to bring down gasoline prices. Nothing in this legislation forces oil companies to utilize all of their available refining capacity, nor does it protect our supply in the case of a national emergency. This bill will lead to higher profits in the boardroom and more pain at the pump.